

OVER THE TOP

VIDEO
Executive

Magazine

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Fall 2016

The Fragmentation of the User Experience *Can OTT Glue It Back Together?*

Canceled Shows?

Programs Find New Life on OTT

Spanish Content

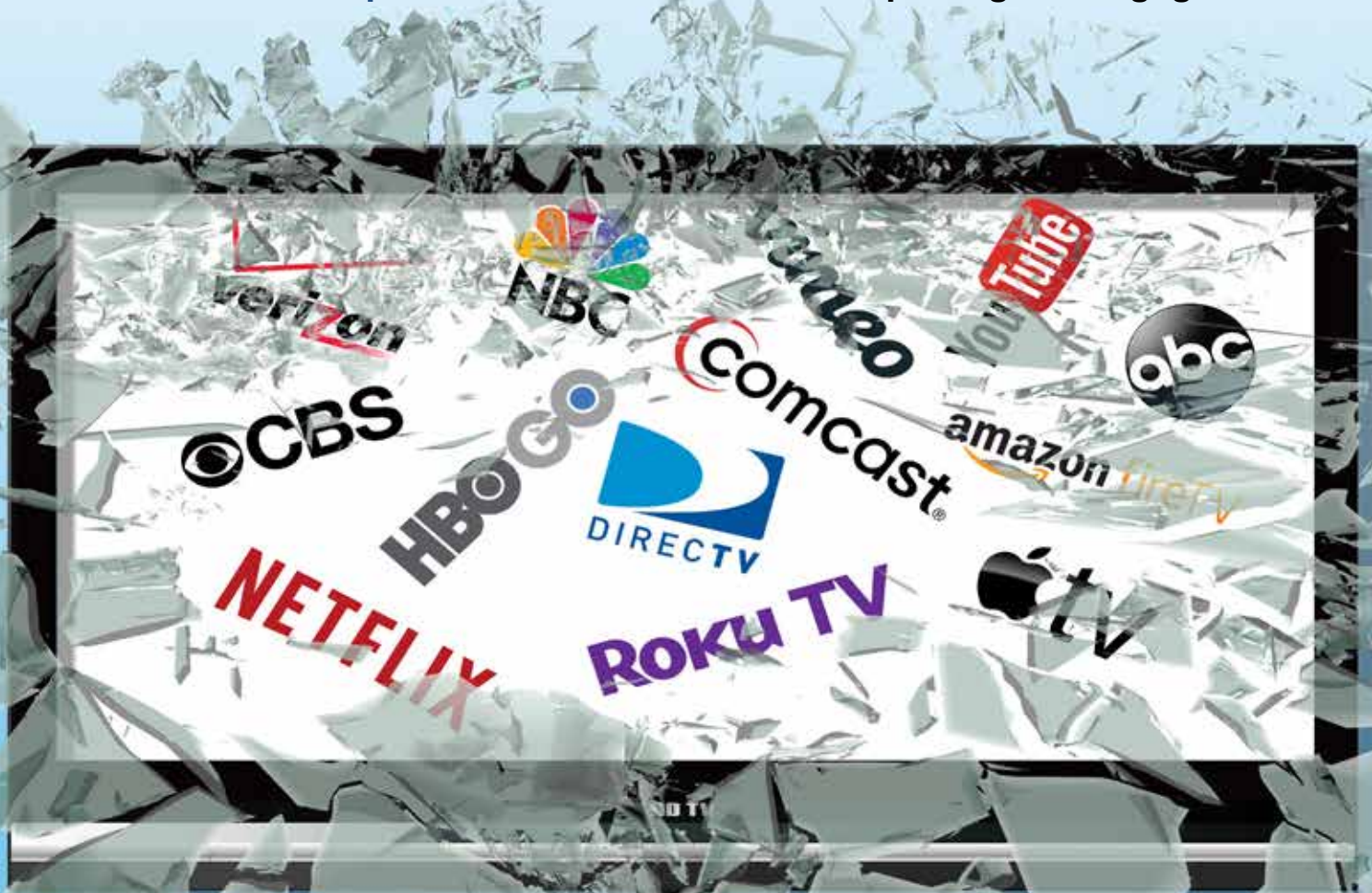
Time to Cut the Cable Cord

Niche Market Segments

Pure Flix & Whistle Sports Case Studies

OTT and Social TV

Capturing the Engaged Viewer



"MOST CONVENIENT WAY TO WATCH TV THESE DAYS IT WAS FIXED WITHIN THREE MINUTES"

"AVAILABLE ACROSS AN IMPRESSIVELY WIDE ARRAY OF PLATFORMS WORKING SPEEDILY AND SLICKLY WE CAN TAKE IT WHEREVER WE GO"

"WE'RE REALLY SATISFIED WITH THE QUALITY OF THEIR VIDEOS"

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"STABLE"

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Putting Humpty-Dumpty Back Together Again

By: Brian Mahony

My friend Todd dropped by on a brisk Fall Sunday afternoon. We're close so we usually just walk into each other's homes. He emerged into the family room and with a sigh plunked himself down into a comfy leather coach. It was the end of the first quarter of the NFL's New England Patriots game. It was an unusual sight since Todd takes his football very seriously. We are both big Pats fans but Todd's dedication is on a whole other level. He usually likes to watch the game alone at his house, without too many distractions. That way he can take in every play, analyze coach Bill Belichick's game strategy, yell at the refs, whatever. I had a ton of kids playing at my house that day so he knew he'd be entering a minefield of distractions. But there he was anyway. I waited until the first commercial break to solve the mystery.

"So Todd, what brings you 'round these parts? Man-cave malfunction?" I inquired.

"Exactly," Todd huffed. "For the life of me, I couldn't get my Mohu Leaf to tune into channel 4. I've got all the devices in the world, hundreds of channels, but I was pulling my hair out trying to figure out how to get the Pats game—the only thing I wanted to watch."

"That stinks," I said with real empathy. "Did you try to..."

"I tried Ev-Er-Y Thing," Todd interjected. "Nothing worked. So I came here."

"Well then, grab yourself a beer and

make yourself at home. Game's back on."

Between commercial breaks and a player injury, Todd told me his tale of woe. He uses a Mohu Leaf, as I do, to get a crystal clear over-the-air (OTA) HD signal for his local channels. The picture quality is better than cable because it doesn't have to be downscaled or compressed. The Mohu uses your TV's tuner to receive the signal old-school style just like your old rabbit ears antennas, only digital. Rather than unsightly metal rods sticking out of your TV, it comes in the form of a foot-wide thin plastic square you stick to your wall. But just like your old rabbit ears, it's not quite omni-directional and you do need to position it to receive the maximum number of local OTA channels. Todd's Mohu likely got bumped and shifted. It's also possible that the local CBS affiliate in Boston had a disruption in their OTA broadcast. Who'd notice anyway with most people paying for cable or satellite subscriptions?

Well, on that day, Todd noticed. His home entertainment set-up looks increasingly familiar in millions of American households. He's got an Apple TV in his living room hooked up to his big screen. He uses the iPhone app as a remote control and guide and navigates a range of content including Apple's walled garden, and via the smart TV's apps gets Netflix, YouTube, and other content libraries. And of course, he gets all the free local channels through his Mohu. After cutting the cord, he found he was missing some of his favorite shows so he also signed up for the \$5 a month CBS Interactive app to get "The Big Bang Theory" and other programs. His upstairs TV has a completely different setup. His living room smart TV didn't offer Amazon as an option so he purchased a Fire TV Stick for his bedroom. He's also got an Xbox for games and still more content options and a DVD player and other external devices—including his connected surround sound system.



Brian Mahony is the CEO of Trender Research and Co-Founder OTT Executive Summit & Magazine.

Needless to say, it takes a lot of juggling between different screens, remote control devices, apps, and input buttons to get to the right content. It's takes decisive action and more than a little muscle memory to remember the right combination of buttons to push, apps to activate, and sometimes passwords to enter. Sometimes family members throw their hands up in the air in confusion.

Todd's story is not unlike that of millions of television consumers who have cut, trimmed, or forgone the Pay TV subscription cord. User experience fragmentation is a big adoption challenge for the OTT industry. While everyone wants more content options and most are eager to save a few bucks, the tradeoffs cannot go unaddressed if this industry is to grow beyond just the hardiest of cord-cutters. This issue of OTT Executive Magazine takes a look at this challenge from a variety of perspectives, including two of our Trenderers. We cannot rely on the Todds of the world to figure it out. Everyone has their limits. Keep them from their favorite shows too many times, or provide a poor quality stream too often, and they'll be picking up their phones to make peace with their old cable/sat companies. Content and quality are still the king and queen of entertainment. □



Is this the OTT user experience?

✓ Best Practices

OTT: The Unbearable Lightness of a Single CDN

By: Pete Mastin

“There is no perfection, only life.”
—Milan Kundera, *The Unbearable Lightness Of Being*

Is it possible for an OTT executive to misjudge the importance of an adequate delivery infrastructure and leave it too “light”? Of course it is. Single Points of Failure (SPOF) can kill live events, revenue streams and businesses. But the results of an overly light infrastructure can also have less immediately detectable, but equally ominous consequences. Buffering and slow video start times in VOD or live events from smaller ISPs, or in certain geographies are typical of an overly light infrastructure deployment. Also, being locked into a single Content Delivery Network (CDN) provider (that has escalating costs) can be disastrous for businesses over the long haul. In this article, I’ll discuss three reasons that OTT companies should support a multi-CDN solution:

- Availability
- Performance
- Cost

Here is what you need to know to grow your OTT business faster while not going out of business.

Availability

Every CDN has micro-outages. A micro-outage is basically a reachability problem between a specific ISP and a

specific CDN. This could be a really small ISP in some really small country or it could be a major U.S.-based ISP in Manhattan, but it happens all the time. We see them thousands of times a day here. If an OTT provider is on a single CDN provider for delivery, these micro-outages result in buffering, poor video start times, reduced video quality and ultimately consumers going somewhere else.

The example below shows (Figure 1) an availability drop from 99.999 percent (the infamous “five 9’s”) to very low (close to 0 percent). Figure 2 is what happens with a multi-CDN deployment. Even when one CDN has an issue, the others are there to shore it up. If a company is on a single CDN and bad stuff happens, organizations are in trouble. The lack of availability of the CDN in that market results directly in the lack of an OTT stream in that same market. The customer is going to call and it’s not going to be a pleasant conversation.

PBS was experiencing some of these type problems. Mike Norton, Senior Director of Technical Operations at PBS Digital decided to do something about it. After deploying a multi-CDN solution to eliminate micro outages he had this to say:

“What we have seen is by choosing great CDN partners and creating a multi-CDN delivery model, our customer support team has received much more positive feedback



Pete Mastin has years of experience in business and product strategy as well as software development. His expertise consists of content delivery networks (CDNs), IP services and Internet and Cloud technologies. He has overseen the implementation of numerous highly scalable, multi-homed, global SaaS systems.

(or no feedback at all) and our operations team sleeps much better at night.”

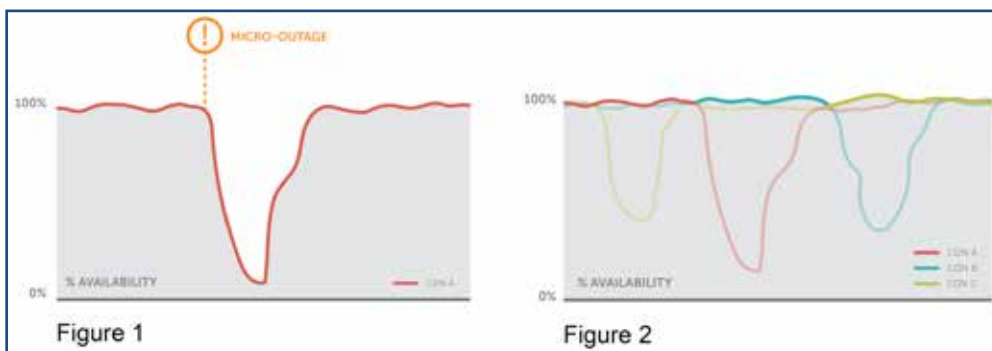
Performance

Performance is tied to two main metrics on the Internet – latency and throughput. Latency is basically how quickly a small packet can get between two points— say a CDN and an end-user. Throughput is how much traffic can consecutively get up (or down – they are not the same) the pipe at once. Both affect video delivery in different ways. The former is measured in milliseconds (ms) and the latter in megabytes per second (MBps).

“Video performance is the key to user retention.”

—Manik Bambha, Chief Digital Officer & CTO, ViewLift

With regard to latency, poor latency leads to poor video start times. Lack of throughput leads to mid-stream buffering. Both are prime causes of user defection of a stream.



The difference of availability when not using (Figure 1) vs. using (Figure 2) a multi-CDN deployment.

To avoid these performance mistakes, one must have a system to choose the best performing CDN for every ISP. To do this effectively, the smart OTT chief technology officer or vice president of engineering/operations must optimize the use of CDNs. This is not an easy trick and there are limited ways to do it effectively, but this is the only way to insure the best possible performance.

“We first used a multi-CDN delivery model to dynamically select the best performing CDN during high profile live football games. After our initial success, we started using this approach for all of our live events.”

—Jens Köpsén, Head of Content Delivery, Viaplay

Costs

Lastly, let's discuss the costs of CDNs. CDNs are an expensive piece of infrastructure.

There is a single, main reason a CDN's costs are likely to drop after your

implementation of a second or third CDN. The reason is simple capitalism. According to micro-economic theory (and common sense), no system of resource allocation is more efficient than pure competition. Competition causes commercial CDNs to develop new products, services, and technologies – and most importantly lower prices where products are equal in feature and function.

“Competition is not only the basis of protection to the consumer, but is the incentive to progress.”

—President Herbert Hoover

Every year CDN providers come with a new annual contract. The contract usually involves a new price and sometimes to the surprise of IT professionals, it goes up. Sometimes it just stays the same. But with a multi-CDN solution implemented, organizations can be assured of putting themselves in the best possible position to see that number actually go down.

Conclusion

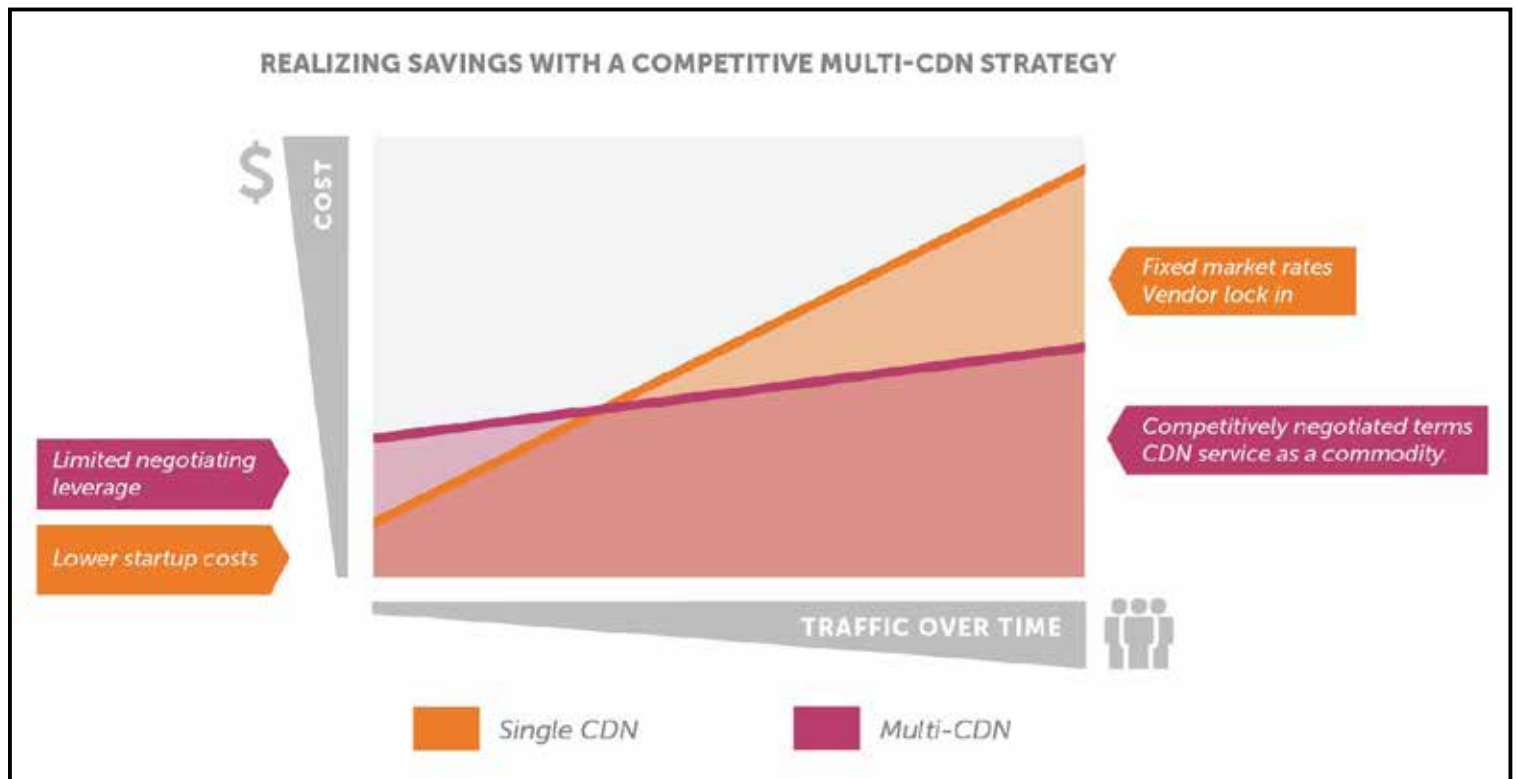
The reasons given in this article for an

OTT executive to deploy a multi-CDN solution are simple and real. They cut to the heart of your business strategy. Be risk adverse with customers, produce the best possible solution, and do so at the lowest price point possible. Since I started this piece with a quote from one of my favorite books, I will end it with one:

“Anyone whose goal is ‘something higher’ must expect someday to suffer vertigo. What is vertigo? Fear of falling? No, vertigo is something other than fear of falling. It is the voice of the emptiness below us which tempts and lures us; it is the desire to fall, against which, terrified, we defend ourselves.”

—Milan Kundera, *The Unbearable Lightness of Being*

No need to feel vertigo. Implement a multi-CDN solution and sleep well at night. □



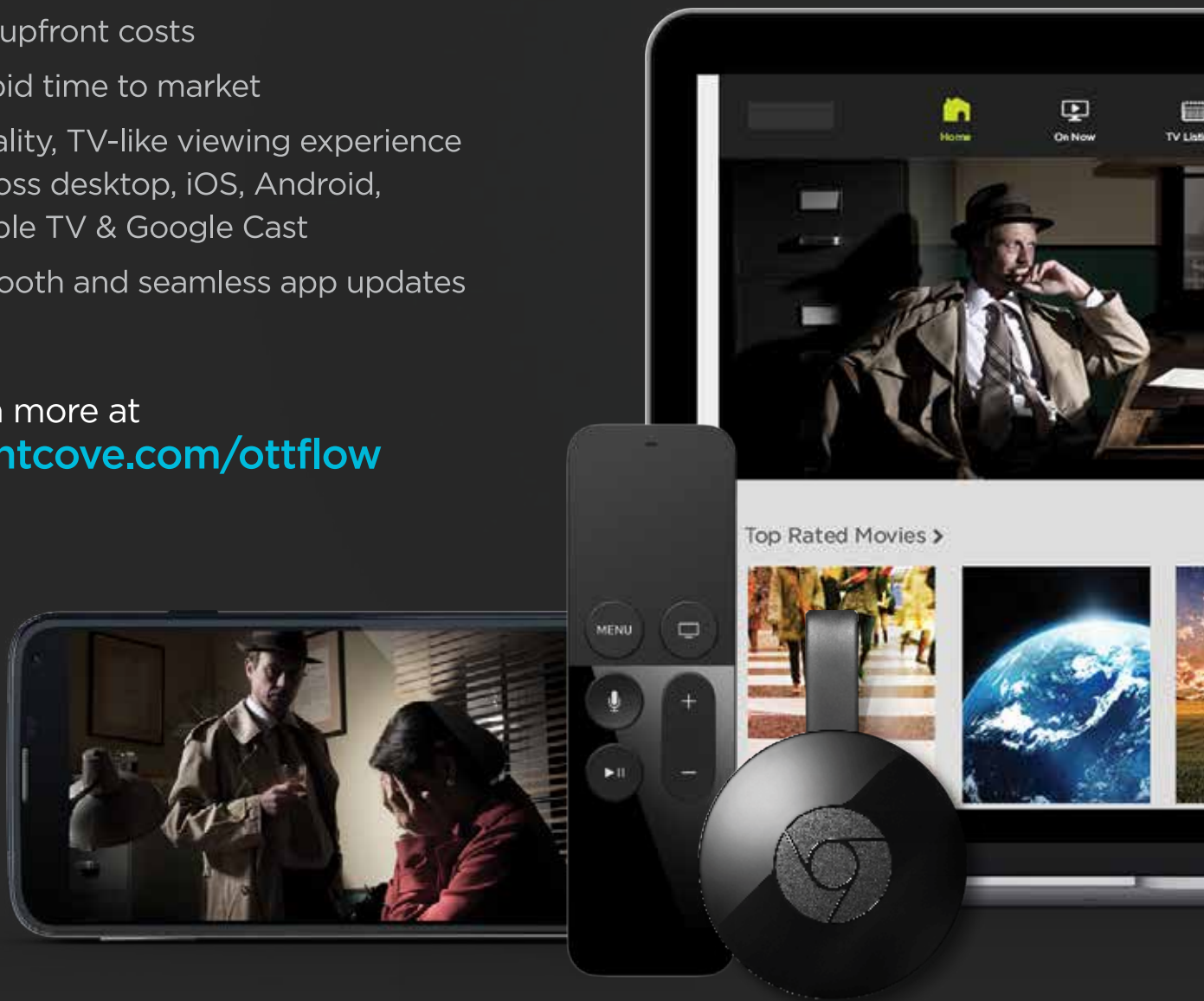
The graph above shows realized savings with a multi-CDN strategy.



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Canceled (and Undervalued) TV Shows Thrive on OTT

By: David Wiesenfeld

With Halloween just having passed, it seems an appropriate time for media and entertainment executives to take note that the ghosts of many a canceled TV program are alive and well on OTT. Tru Optik recently investigated the relationship between linear TV ratings and OTT (over-the-top) demand for TV titles. The conclusion – at first surprising – is that there is virtually no correlation between linear TV ratings* and OTT demand for TV titles. Some of the highest-rated programs generate tepid OTT demand, while more than a few ratings laggards light it up in digital on-demand environments.

* based on Nielsen "Live + 7" ratings, which reflect live viewing and DVR viewing within 7 days of initial airing

As OTT viewing becomes more prevalent (over one third of Millennial TV viewing is OTT), networks and studios accustomed to making programming decisions on Nielsen ratings risk canceling shows that have strong digital/streaming followings. Shows that aren't canceled outright can be dramatically

undervalued.

A lack of reliable, granular OTT TV performance data creates inequities in the \$15 billion OTT content-licensing market. OTT providers like Netflix and Amazon know how existing programs perform on their platforms, but are famously reluctant to share that data. To date, networks and studios have been eager to take the found money from digital licensing, in some cases giving away Top 10 streaming hits by valuing them against their linear ratings.

Can TV executives really go all that wrong by basing content decisions on traditional ratings data or wobbly panel-based OTT audience measurements? Earlier this year, CBS chief Les Moonves echoed the sentiments of the industry by declaring OTT the future of television. However, a look at some recently canceled major network shows suggests traditional performance measures still drive programming decisions, with a number of standout OTT hits getting the axe (see table below).



David Wiesenfeld is the Chief Strategist at Tru Optik, responsible for aligning Tru Optik's services and deliverables with marketplace needs. David has over 20 years experience in consulting, strategy development, and digital media with both brand advertisers and service providers.

The CW has canceled just two shows thus far in the current season, Beauty & the Beast and Containment. The CW is the network with the most active shows that shine on OTT despite middling

Program	Network	# Seasons	Final Season	Linear TV Decile ¹	OTT Decile ²	Notes
Forever	ABC	1	2015-16	4	3	Viewers launch social media campaign to save
Revenge	ABC	4	2014-15	4	2	Possible spinoff series on another network
Limitless	CBS	1	2015-16	3	1	Some discussion of series continuing on another network
Under the Dome	CBS	3	2014-15	6	1	
Minority Report	FOX	1	2015-16	9	2	
The Bastard						
Executioner	FOX (FX)	1	2015-16	10	2	
Constantine	NBC	1	2014-15	5	3	
Heroes Reborn	NBC	1	2015-16	6	1	Better linear ratings would likely have led to renewal

Recently Cancelled Major Network Shows

¹"Live + 7" average episode ratings for given year expressed as a decile to facilitate comparison with OTT performance. A decile ranking of 1 means the program's ratings were in the top 10% among all major network programs.

² Number of views on open OTT networks for given year expressed as a decile to facilitate comparison with linear TV performance. Open OTT networks are non-commercial platforms that account for the majority of OTT viewing, and are indicative of performance on commercial OTT platforms. A decile ranking of 1 means the number of OTT views fell in the top 10% among all major network programs.

linear ratings. Arrow, The Flash, and Supernatural fall in the bottom half of Big 5 network shows when it comes to linear TV audience size, yet each of those programs is consistently among the 20 most in-demand shows on OTT.

Why do linear TV ratings and OTT demand often diverge for the same titles? The answer has mainly to do with the different dynamics of linear TV viewing and on-demand TV viewing. Linear TV viewing is on the whole a more passive activity. Time slots, lead-ins, and viewer habits can have a strong influence on audience size.

In a digital on-demand environment, content is more dependent on its own merits to draw an audience. Successful linear TV programs need only be “watchable.” Successful OTT programs need to be shows you want to watch.

Ironically, the very qualities that make programs successful on OTT can work against their linear ratings. Viewers may prefer to enjoy these programs at a time of their choosing, when they are in the mindset to fully engage with the



“The Flash” fell in the bottom half of major network ratings, but is among the top 20 in-demand OTT shows.

content, and can watch multiple episodes back-to-back if they wish.

If the future of TV is OTT, as so many believe, understanding OTT viewing behaviors and properly valuing content in an OTT environment will be among

the success markers for media companies that thrive in that future. Accessing valid OTT audience data is an important step organizations can take right now to glimpse that future and confidently embrace it. □



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How Can a Niche Newcomer Succeed in the Crowded OTT Space?

Interview by Nichole Janowsky with Greg Gudorf, CEO, Pure Flix Digital

In this interview, Nichole tracks down CEO Greg Gudorf to get his insight on the future of family-friendly SVOD service and what has been driving Pure Flix's growth in this market?

Nichole: What is the genesis of Pure Flix Digital (PureFlix.com)?

Gudorf: We listened to what consumers were saying and they were telling us there was a need for a faith and family-friendly SVOD service. We believed them and we became a player in the niche, albeit the very large niche of nearly 250 million Christians in the U.S.

We went about it systematically. First we acquired IAMFLIX, a fledgling start-up just a few months old. Then we worked with partners and vendors such as Element 84 for engineering services, MPX from The Platform (Comcast) as our video system, Akamai as our CDN, Amazon for web services, and First Data as our secure payment processor to fortify the back end. Having a strong catalog of initial content—Pure Flix is first and foremost a studio that produces, acquires and distributes faith-based movies — and best-in-class technologies

almost from the beginning, made a huge difference in how we went to market. One of the things I often remind myself is that technology has made it possible so that you don't have to build things from scratch and slowly work your way up. That old model is simply too costly, rigid and time-consuming. There are great, new technology options available today that need to be continually explored and leveraged.

Since we launched PureFlix.com in June of 2016, we've continued to grow at a steady pace in terms of subscribers and revenues. We're also making some very positive inroads in terms of the acquisition and development of exclusive and original content which is attracting lots of attention from our subscribers and those utilizing our free, one-month trial.

Nichole: What's driving your growth and what can other companies learn from PureFlix.com?

Gudorf: I'm a big believer in The Lean Startup approach whereby we create a minimum viable product (MVP) version of an idea, quickly launch it, test it with real consumers, learn what we need to



Greg Gudorf is the new CEO of Pure Flix Digital, a subsidiary of Pure Flix Entertainment, the worldwide leader in faith-based entertainment. Gudorf is leading Pure Flix's charge into the OTT space with the launch of the company's subscription video-on-demand service. Gudorf holds 22 issued patents in networked technology and consumer electronics.

change or adjust, and then iterate onto the next bigger version as success is earned. It's an old adage, though still true: time is money. We strive to not waste either time or money by deploying an MVP development process and then using digital and social media marketing tools to reach our consumer. In our case, we were able to quickly discover that our core audience is married women between the ages of 35-55. We then began to dialogue with them on social media — mostly via Facebook and Pinterest as well as through our own PureFlixInsider.com blog — and even a limited radio trial on a Christian network, all with the desire to garner user feedback very quickly. That feedback tells us where our consumers want us to improve, what new content we should pursue, and most heart-warming of all, how PureFlix.com is impacting their lives and families; a key element in our mission.

Another factor driving our growth



Developing original content has helped PureFlix.com attract new users.

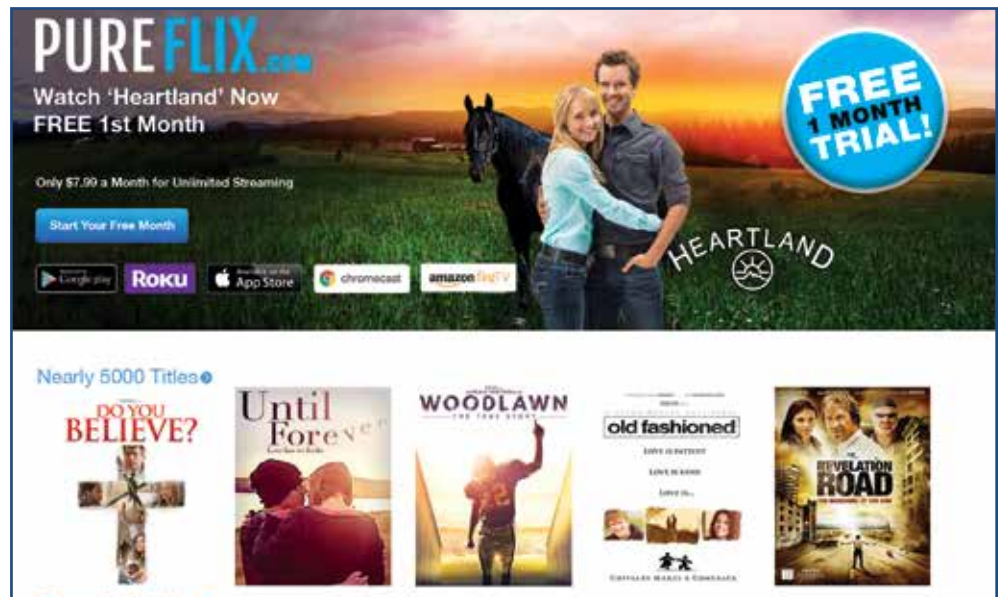
has been the continued addition of new titles. We now have nearly 5,000 titles because we have been adding hundreds of titles each month since launch. It's really simple, the more subscribers we sign up, the more content we can offer. The more content we have, the more subscribers join us. It's a sweet little sphere we operate in when you stop and think about it.

Identifying your core audience is a critical discovery for those in the OTT or SVOD space. It saves so much energy and allows you, once you've covered off on the core, the freedom to start making concentric circles of outreach to secondary audiences.

Since we're an SVOD service, this knowledge of our audience also helps us with content selection. For example, we believed that a heart-warming movie, "Until Forever" from an independent studio, that told the story of a young couple that relies on their faith to face a grave medical emergency would resonate with our audience. Well, the positive reviews poured in and it not only solidified our existing subscriber base, but drove additional subscriptions.

Nichole: What about consumers' attitudes towards streaming and cord-cutting?

Gudorf: We continually hear that consumers are becoming more and more comfortable with streaming; even to the point where they are now looking for alternatives to the bigger players in the OTT/SVOD space because of what they



Users have the ability to customize their family programming.


deem to be inappropriate content for their families. In other words, they're looking to move from one niche—if you will, to another niche; one that better serves their desired viewing habits. In our case, that niche is faith and family oriented programming with no surprise sex, violence or language as opposed to the typical Hollywood fare.

The rise of cord-cutting and Hulu are obviously helping all of us in the streaming space, but so are the streaming devices from Roku, Amazon, and Google. When we tell someone they can turn any TV into an Internet-enabled PureFlix.com device using Roku, Chromecast or a Fire TV device for less than \$50, they light up.

Of course, customization and personalization continue to be foundational watchwords that resonate throughout our industry as cable declines and alternative means of delivery rise. Whether we're talking about cord-cutting or skinny bundles consumers want their content on their terms — anytime, anywhere — and at reasonable price points.

Who knows, maybe one day the OTT services with niche content will be the ones to change the narrative. Can you imagine the day when one family member turns to another after dinner and asks "Hey, what's streaming tonight...?"

I can. ☐



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TBD: NYC, June 2017



Embracing Social: How OTT Can Capture the Elusive “Engaged” Viewer

By: Stephen Johnson

Since around the time the first TV advertiser tried to grab a viewer’s attention, the broadcast industry has dreamed of interactive “engagement”, somehow enticing your audience to participate in the viewing experience, to do something more than just kick back and passively watch. When the web ushered in an era of mass interactive media, TV executives wagered millions on combining video and engagement – the latter being subordinate, of course – only to be continually (and expensively) disappointed. Anyone chasing the illusive engaged viewer can now be excused for figuring this chimeric receptacle of product marketing and data extraction doesn’t exist.

But now social media has come along and the bets are being placed all over again. Moreover, with their flexible content arrangements, platform independence and new ad models, OTT players appear to be supremely well placed to cash in. But is this just another “engagement” mirage? The tireless advocates for interactivity say this time will be different and present as evidence both suggestive research and the enthusiasm of the online video world.

They might be on to something (and we’ll examine their claims in a moment) but a much larger factor plays heavily in their favor: a radical shift in viewing habits that has brought viewership into interactive (and social) media, far more than the long-assumed reverse arrangement.

That previous arrangement, that social media is a sort of interactive “add on” to traditional viewing, appears easy to make but is equally (if not more so) prone to misinterpretation. First the easy part: yes, viewers keep their phones and tablets in their hands while watching (see Figure 1).

But does this social networking (to say nothing of that browsing, texting, and app use) actually apply to what they’re watching (i.e., are they really engaged)? That answer is far less encouraging (see Figure 2).

Turns out “show-related” social media use under this arrangement is pretty paltry: around 7% of all usage while watching. (And that’s from the 40% of users who are using social media at all.) So what are viewers doing with those ever-present devices while watching?



Stephen Johnson is an independent analyst specializing in video advertising technology and design for media distributors. He established his consultancy, Coach Media, in 1998 to provide services in user experience design, information architecture, programmatic advertising, and intellectual property creation and advisement to clients worldwide.

You probably guessed it – pretty much what they do the rest of the time: texting, surfing, and even (imagine!) chatting on the phone. We’ve become a serious multi-tasking bunch (see Figure 3).

Though this picture looks pretty bleak for social media users separately using apps to interact with TV content – that is, the traditional “engagement” model – the numbers look surprisingly better when the behavioral question is reversed: about two-thirds of those using social media sites “simultaneously watch TV programs”⁴ as well as watching videos on the site itself. That is, TV/video viewing looks like a clear value added to the social networking experience not the other way around. Evidence for this can sometimes be lost in ever-expanding social media subscription numbers but isn’t hard to find. Consider:

- Over 80% of Twitter users watch video content within the application daily and 90% of Twitter video views are on mobile⁵

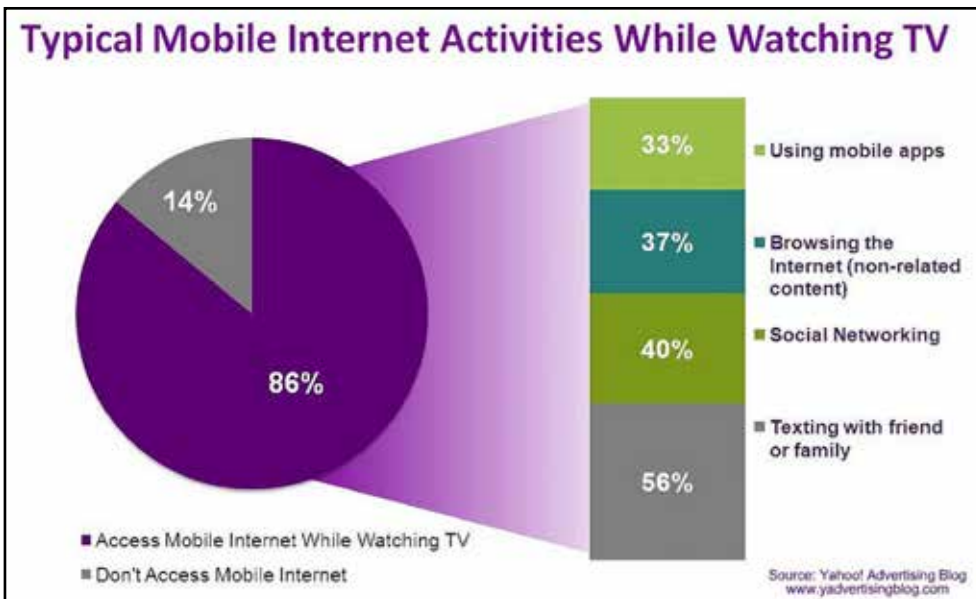


Figure 1: Typical Mobile Internet Activities While Watching TV'

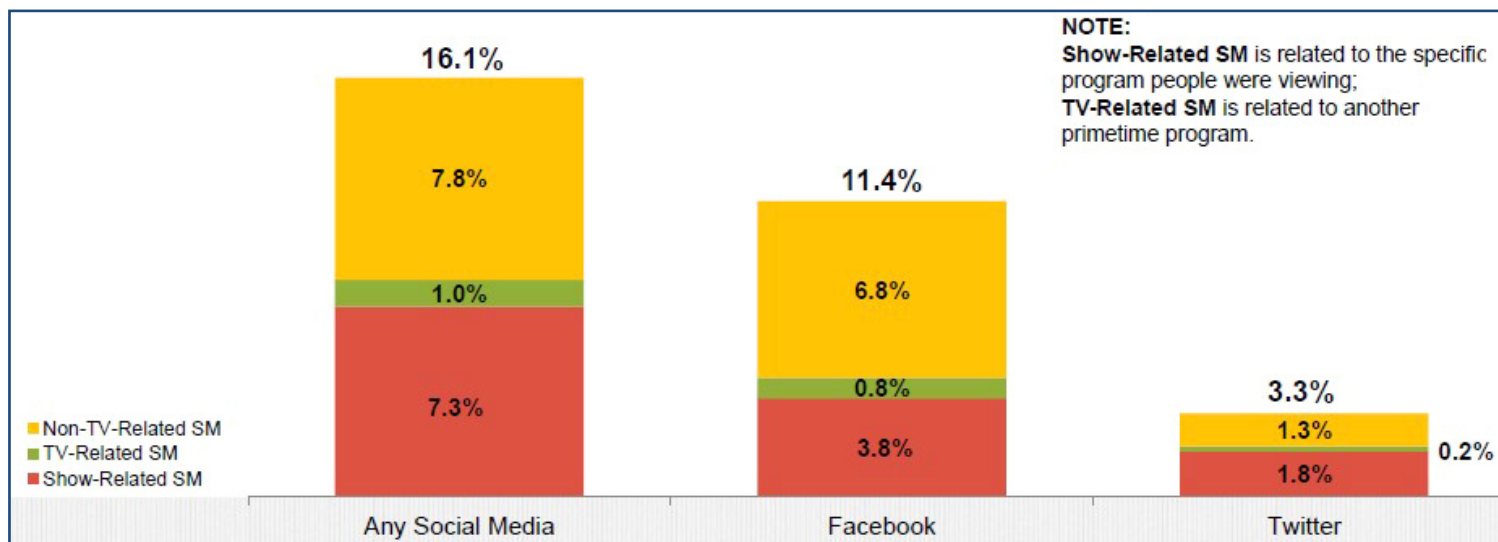


Figure 2: Percentage of Social Media Experiences Connected to Viewing²

- Facebook has averaged 8 billion daily video views by the end of 2015⁶; Snapchat has exceeded 10 billion⁷
- Recognizing this viewership, social networks are rapidly snapping up premium live streaming deals: Twitter (NBA), Snapchat (NFL) and Facebook (English Premier League Soccer) have cut deals in the last quarter alone⁸

So social media users are obviously watching ever-increasing amounts of live and on-demand video, but are these really engaged viewers? The evidence here is overwhelmingly positive. For example,

as a distinct medium across all popular social networks, video generates 12 times the shares of text and images combined.⁹ The number of tweets and comments on videos are nearly as impressive and all this interactivity doesn't appear to suffer as content shifts from short-form and user-generated to longer broadcast formats (as evidenced by those streaming deals).

So what does this mean for OTT? The good news is that OTT providers, developers and (not least) customers are exceptionally well-placed to take advantage of social media "engaged" viewing – if they take the right lessons. The not-so-good news is that these lessons

require some serious trench work and a willingness to embrace new approaches to building audiences. Based on the data referenced above, these come down to four key points:

1. Think Apps

Apple CEO Tim Cook quipped last year "we believe the future of TV is apps"¹⁰ and – taken with enough context – he may not be far wrong. Social media has shown how interactivity can be an effective viewing gateway but a viewer first needs to be in an interactive environment, ideally a comfortable, deliberately chosen one (e.g., as opposed to using online applications for "exclusive content" or other lures). One OTT pioneer who embraced the apps model early was WWE (World Wrestling Entertainment), launching a media-laden app back in 2012 to the surprise and bemusement of legacy distributors (after apparently insufficient interest in a traditional cable/satellite channel). They made up their investment within six months; by July of 2015 they claimed over 20 million downloads¹¹ and have consistently been in the top 50 entertainment app downloads for both iOS and Android. A number of other OTT providers like Sling Media (Dish) have also found plenty of traction on Roku's interactive platform – right next to social media apps like Facebook and Reddit.

2. Lean Forward, Don't Kick Back

Developing OTT content for an in-

Continued on next page...

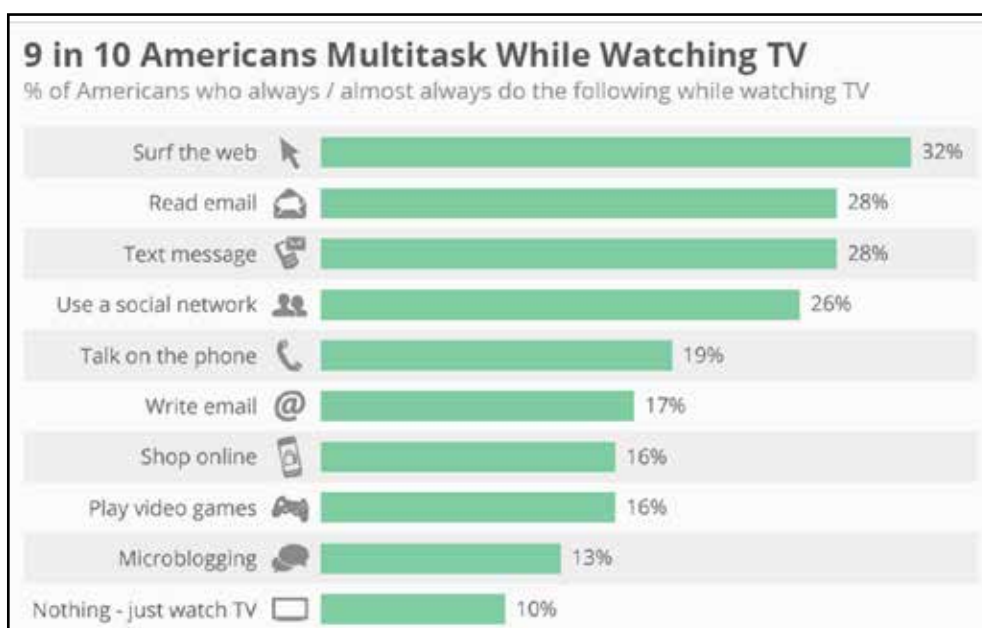


Figure 3: Percentage of Americans who always / almost always do the following while watching TV³



"Game of Thrones" which appeals to a younger audience, generates plenty of online viewers.

teracting audience introduces some new concepts and discourages others. To some degree programs have always encouraged chatting and sharing (even around the proverbial water cooler), but when the timeliness of a post or tweet matters certain formulas have a clear advantage. Dramatic series with telegraphed twists and turns (and a strong appeal to a young audience, e.g., 'Game of Thrones', 'Breaking Bad') have gathered plenty of typing and clicking viewers but the true king of social engagement is live events, especially sports – fantasy leagues, if nothing else, have seen to that. In short, OTT providers need to focus on encouraging engagement behaviors, not merely creating compelling content.

3. Beware the Walled Garden

Interactivity wants to be free; online users have (at least since the demise of

AOL) railed against walled gardens. But under most ad-supported models, TV distributors inevitably want to keep viewer's eyes on their "channel" (in whatever form). To solve this dilemma OTT providers and developers need to remain flexible, deploying designs and ad models that speak to what viewers are doing in a social OTT environment in the first place: sharing, texting, chatting, engaging. Locking in viewers to collect greater ratings/share or impressions is both alienating and transparent; engaged viewers consistently rate unsolicited advertising – or the restrictive conditions leading to it – as a primary complaint (and have wholeheartedly embraced ad blockers¹² to deal with it).

4. Think Beyond the 30-Second Spot

Despite viewer complaints (in an interactive environment or elsewhere) inserted video ads certainly aren't going away. But unlike legacy distributors, in an interactive environment OTT has many other options for creating an ad experience – with the significant advantages that these techniques are designed for targeting appeal and continue to evolve as audiences react to them.

Social network services have pitched in with several ideas of their own. Face-

book¹³, for example, allows advertisers to customize an online ad from a menu of objectives (e.g., video views, brand awareness, lead generation) with recommendations and examples to target selected audiences. Instagram has been a leader in adding video to "Carousel" ads (e.g., allowing advertisers to use multiple images with a call to action button in a single ad unit)¹⁴. And YouTube¹⁵ provides a relatively simple palette of ad formats that still easily beats any interactive offering from legacy distributors.

These lessons are probably just the beginning; they'll clearly evolve as the social platform audience grows and viewers demand and adapt to new models. OTT providers have an excellent opportunity in this new environment: to build audiences, attract advertisers, and create unique experiences— provided they make viewer engagement a serious priority. Legacy distributors have repeatedly (and instructively) demonstrated that bolting "interactivity" onto a fundamentally passive experience is a recipe for failure. If OTT services can sweat the lessons of social networking and create a new audience of engaged viewers, they'll be supremely well placed for what "watching TV" will mean in an interconnected world. □

Endnotes

- 1 Yahoo!: Yahoo! Advertising Blog (www.yadvertisingblog.com)
- 2 Marketing Land: <http://marketingland.com/study-found-16-people-used-social-media-watching-prime-time-tv-79922>
- 3 Graph: www.yadvertisingblog.com
- 4 Canvas.net: <https://learn.canvas.net/courses/1/pages/w10-dot-3-some-and-entertainment>
- 5 Twitter: <https://blog.twitter.com/2015/new-research-twitter-users-love-to-watch-discover-and-engage-with-video>
- 6 TechCrunch: <https://techcrunch.com/2015/11/04/facebook-video-views/>
- 7 The Verge: <http://www.theverge.com/2016/4/28/11526294/snapchat-10-billion-daily-video-views-users-stories>
- 8 CNBC: <http://www.cnbc.com/2016/08/03/facebook-makes-history-with-first-stream-of-english-soccer-game.html>
- 9 Brightcove: <http://www.invodo.com/resources/statistics/>
- 10 Wall Street Journal: <http://blogs.wsj.com/personal-technology/2015/09/09/apples-tim-cook-we-believe-the-future-of-tv-is-apps/>
- 11 EWrestling News: <http://www.ewrestlingnews.com/news/ww-e-releases-the-official-number-of-app-download-ww-e-superstars-gone-good-voting-begins-more>
- 12 EConsultancy.com: <https://econsultancy.com/blog/67076-the-rise-and-rise-of-ad-blockers-stats/>
- 13 Facebook: <https://www.facebook.com/business/ads-guide/video-views/facebook-video-views/?toggle0=No>
- 14 Instagram: <http://blog.business.instagram.com/post/144613122511/video-carousel-ads>
- 15 Google: <https://support.google.com/youtube/answer/2467968?hl=en>



The Market Realities of OTT Entertainment

By: Deepak Das

Television is no longer simple. New devices, new service providers, and new ways of consuming content have changed everything. Cable TV subscription numbers have been slowly but steadily dropping over the last decade as the cord-cutting culture rises. Households, led by millennials, are moving toward an over-the-top (OTT) only entertainment experience, foregoing traditional cable networks for favorite streaming services like Netflix, Amazon-Prime, and Hulu, etc. Broadcasters and operators are attempting to counter this phenomenon by offering TV-Everywhere (TVE) services and so called “skinny-bundles” to attract the cord-cutters. Digital TV research claims that global over-the-top TV and video revenues will reach US\$64.78 billion in 2021. All trends point to the certainty that OTT is the future of entertainment, and a direct to consumer relationship between content producers and consumers is inevitable, but currently this path is laden with difficulties.



DRM, QoE, and walled gardens constrain OTT adoption.

Service and device fragmentation are two particular challenges that long-standing media companies and new OTT entrants face in an industry that is moving toward purely OTT based Streaming Video on Demand (SVOD)/Linear service offerings. There is no easy one-size-fits all approach for OTT. Existing legacy infrastructure and tools, disparate streaming

protocols and standards, DRM walled gardens, Browser/DRM inflexibilities, HTML5 limitations, and the limited features of native media players, are all factors that complicate the rollout of OTT services. Whether a service is monetized on subscriptions or via Advertisements, device reach is an important aspect of reaching a wide audience and recouping investments in this area.

Additional challenges faced by OTT/TVE operators can be broadly compartmentalized into four areas:

1. Access to content:

Content is king and will remain the primary reason that users will flock to a service. While many OTT operators start off by building a portfolio of licensed content, others are beating new paths with content creation – Netflix and Amazon are investing heavily into original content. Owning content allows operators the freedom to distribute without being bound by content owner restrictions, however the heavy upfront investment that is required to produce these shows make it a risky endeavor.

2. Device coverage and Reach:

Consumers will try to access content from hundreds of devices across mobile phones, tablets, computers, consoles, smart TVs, etc. Each of those device types has its own video, audio, and file format, streaming protocol, DRM controls, AV post-processing, and hardware capabilities. Trying to account for and adapting to the media stacks provided natively on the devices often leads to slower path to deployments, and ends with poor end-user experiences. And regardless of the device or the type of network they are on, consumers expect that device to be supported and provide good quality playback of content. Thus, operators’ media workflow teams need to assess and prepare for the most optimal set of tools and combination of video assets to provide a quality experience across all



Deepak Das, Vice President of Marketing at VisualOn, Inc., is responsible for leading global marketing activities, overseeing go-to-market campaigns, and guiding the company’s marketing and communications direction. Deepak brings more than 20 years of diverse leadership experience delivering technology-enabled solutions across a wide variety of verticals.



What’s your subscriber acquisition strategy?

devices.

3. Customer growth and Retention:

It is quite difficult to organically grow a subscriber base from zero. One method is to provide a superior customer experience, such as how Netflix built its subscriber base from people who wanted a better experience than going to a store to rent movies. On the other hand, you have companies like Amazon that build their subscriber base from users of their other services, by offering members a library of free content and building upon that. On top of subscriber growth, customer retention is also paramount and is linked



Are ad-blockers blocking your revenue stream?

to satisfaction with their services. As mentioned previously, device variations and network environment make quality of service questionable and can cause buffering issues (loss of subscribers to buffer rage has been well documented). OTT operators need to have a strategy to get deep insight into the quality of user experience across all the devices they are deploying, while ensuring integration with existing analytics backend infrastructure.

4. Monetization methods:

The service and device ecosystem, on top of the convergence between digital and traditional viewing methods, can make it difficult for operators to effectively deploy revenue streams. Revenue generation via subscriptions has its own challenges, while ad-based models are even more complex with the fragmentation of devices, browser/platform combinations, and the added complexity of ad-insertion to target specific demographics. Ads are especially difficult to monetize effectively in the midst of the ongoing ad-blocking war between publishers and consumers. In the latest report from the Interactive Advertising Bureau, 26 percent of desktop users and 15 percent of mobile users use blockers to remove ads from publishers' websites – largely citing deterioration in browsing experience (whether due to impacted speed, quality, etc.) as the reason.

Achieving success and profitability with these online services is becoming increasingly important as TVE and OTT continue to see exhilarating growth at the expense of conventional pay TV. But these incredible difficulties in the industry aren't going away any time soon. Deliver-

ing a consistent, high-quality user experience across all these devices, screens and networks is a non-negotiable requirement for customer satisfaction. Device and service fragmentation is only going to worsen, as more and more connected devices spanning a myriad of chipsets and platforms, browsers and application interfaces, and new versions of operating systems ship to consumers each year. And ad-blockers are frustratingly quick to adapt to new attempts at advertising methods. To realistically have a chance at succeeding in the market, OTT/TVE operators need to seriously approach each one of these challenges and properly strategize to address them. □



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Trender Perspective

English and Spanish Programming *Viewing My Way!*

By: Alicia Perez

If you asked me a year ago about my TV watching habits my answer would have been very different than today. I would have never imagined that I would watch less TV yet more of the programming I like, or that I could live without cable TV. Yes, I finally cut the cord and got rid of my dusty yet expensive cable boxes. It's been 6 months since I got rid of cable. I thought that I could never do it. I thought that I would miss the box atop of my TV, but now I've realized that I do not miss it at all. All the programming that interests me is now at the palm of my hand via a smartphone, tablet, and via apps on a smart TV.

My preference has changed from sitting on the couch and watching countless hours of mindless TV to watching just about anything on my smartphone or tablet while on the go. I can keep up with episodes of Sharktank, Undercover Boss, The Amazing Race, Real Housewives of Atlanta, Family Feud, Ellen, and countless others via Youtube and Netflix anytime. I can also easily share what I

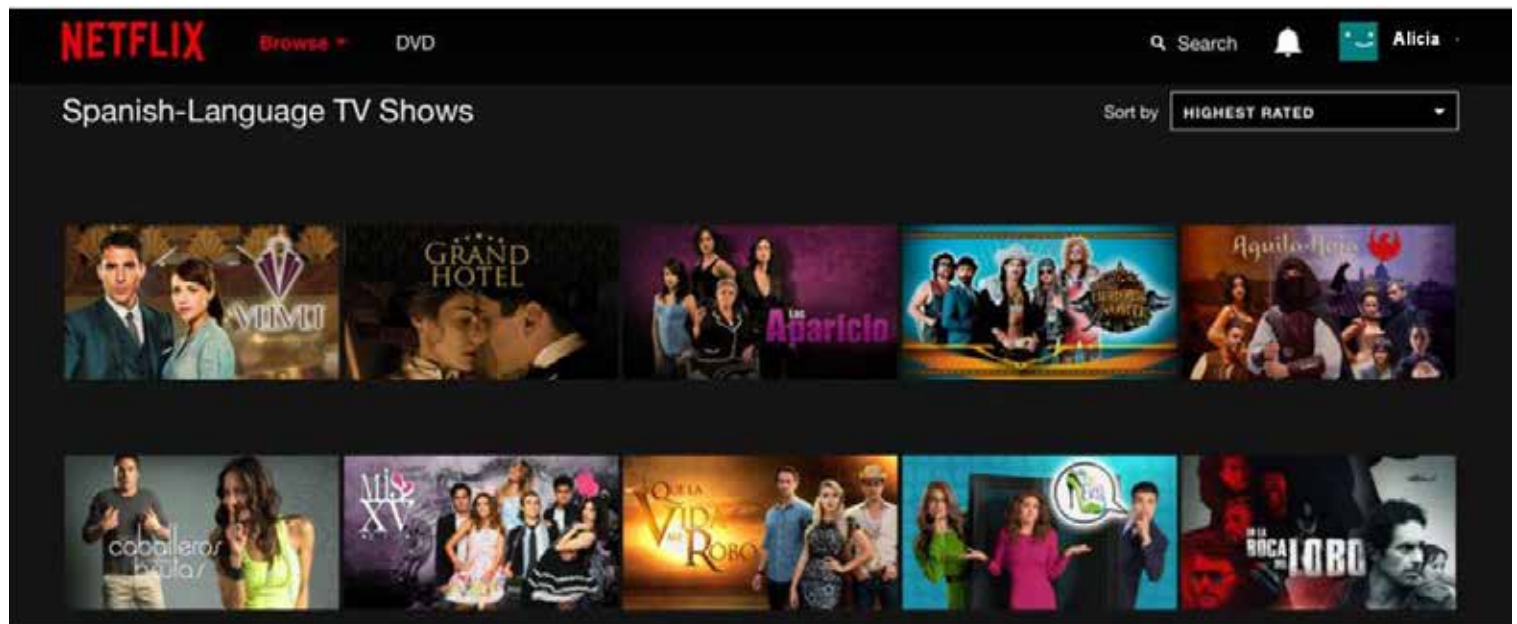
am viewing with friends or start a conversation via social media. I often interact on Twitter commenting on some of the shows I've watched and have visited websites such as NBC, ABC, Bravo, and AMC for additional show content.

When it comes to Spanish content I mainly view programming from my country, Dominican Republic, via the Canales Dominicanos app. There I can view local and international shows and special events. I can also interact with my family via Magicapp or Whatsapp while watching in real-time unlike watching via cable where much of the programming was provided with a one week delay or at a different time than the normal broadcast. I used to always be behind what my friends and family back home were watching.

I watch most of all Telemicro International's channels 5 and 15 because they have many entertaining shows such as Extremo a Extremo, Sabados Extraordinario, Boca de Piano es un Show, and Raymond y Miguel to name a few. I am



Alicia Perez is one of 250 "Trenders" for Trender Research representing the consumer views of various demographics. She is a second generation Spanish speaker who watches both Latin and American TV. Alicia describes herself as sociable, and enjoys networking and being on top of what's happening. She watches Univision, Mundo Fox, Telemicro International, and Mun 2. She loves movies, soap operas, variety shows, comedy, and game shows and her interests include travel, entertaining friends and family, and dancing.



Netflix Spanish content library is always expanding with new shows and movies.

also able to Catch Sabado Gigante (Univision), Al Rojo Vivo con Maria Celeste and Caso Cerrado (Telemundo Internacional) and when I do miss it I catch episodes via Youtube. Also, my favorite soaps out of Turkey are now dubbed into Spanish and can be found in Youtube such as Suleiman el Gran Sultan (MundoFox), and Las Mil y Una Noche. Netflix also allows me to view series such as Los Caballeros Las Prefieren Brutas (Colombia), soaps such as La Reina del Sur (Spain), El Señor de los Cielos (Mexico), and countless movies in Spanish.

I love and enjoy this new way of watching programming when I have the time, and to choose what I want to see as I please. I feel a lot of freedom without being tied down paying for a 1000 chan-

nels when I regularly watch just ten. I recalled a few years back my cable bill had gone over \$150 a month and when I asked Cablevision's customer service about ways that I could reduce cost their suggestion of doing so was by removing Bravo, E!, VH1, and HBO which were the channels I watched most. Their suggestion of keeping basic cable and a family package was very disappointing because my family's interests were not covered by the selections offered. And when there were episodes set to watch later they were constantly removed before we all got a chance to watch. Therefore, both my child and husband watch more Netflix, Amazon Prime Video and Youtube, than what cable was worth. My child enjoys cartoons via Youtube such

as Curious George, Peppa, Peg+Cat, and other kid-friendly content. My husband enjoys movies, games, sci-fi and documentaries too many to mention that are easily accessible online without the hefty monthly fees.

I would prefer to pay only for the channels I do want than what I do not need and hope that the big wigs in the cable and satellite companies realize that programming is not distributed as it once used to be and that most people want a choice when it comes to bundling. So let us consumers pick and choose to fit our needs instead of you choosing for us. If we are to pay for entertainment at least allow us to get our money's worth by selecting what we really want. □



Congratulations to our past OTT Executive Summit winners!



1st Place



2nd Place



3rd Place

Past Winners:

NYC 2016

“OTT Genius”— Kurt Michel, IneoQuest

“OTT Hero”— Don Wilcox, PBS

“OTT Guru”— Roger Keating, Hearst Television

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“OTT Genius”— Brian Balthazar, Scripps Networks

“OTT Hero”— Rich Antoniello, Complex

“OTT Guru”— Rick Howe, The iTV Doctor

NYC 2014

“OTT Genius”— Jean-Michel Planche, Witbe

“OTT Hero”— Amit Ziv, EPIX

“OTT Guru”— Steve Harnsberger,

OTT Digital Services

Boston 2014

“OTT Genius”— James Norman, Pilotly

“OTT Hero”— Jim Turner, Net2TV

“OTT Guru”— (Tie) Gabriel Dusil, Visual Unity; and Jason Thibeault, Limelight Networks



Targeting Your Audience: Advertisers vs. Content Service Providers

Interview by Nichole Janowsky with Ross McCray, Co-Founder and CEO, VideoAmp

In this interview, Nichole chats with Ross McCray, Co-Founder and CEO of VideoAmp to get his insights on how advertisers and content service providers differ in their personalization of TV and video platforms.

Nichole: Ross, what differing trends did you observe between advertisers and content service providers when developing your service?

McCray: The trend that we saw when we were creating our mission statement (which is to enable advertisers and content owners to transact across both screens) is that from a content media owner perspective, their ad revenue is declining yet their viewership numbers are increasing across their entire universe of devices and that poses a challenge for them—which is all due to fragmentation. Audiences are watching a lot of OTT and video on demand, whether it be on apps or the web, etc., but this fragmentation is hurting the advertising industry and the media owners because they: 1) don't have a way to think holistically across multiscreen; and 2) they don't have a way

to understand how their audience can be duplicated across all these different devices where they can sell and be of more value to the advertisers. Back in the old days there was one screen, it was linear—one curve—and there was only one place to launch it. That is the challenge that we saw from the media owner's perspective.

From the advertising industry perspective we saw that they wanted accountability, they wanted transparency, they wanted automation software, but they also really wanted the ability to look at everything holistically. For example, if they are investing so much money in VOD and OTT, and all of these increasing channels are a big part of their strategy, they want to understand how things look holistically. They want to be able to look at everything on a dashboard where they can optimize, measure, plan and increase their reach across all these channels.

These are the two trends that we saw on both sides of the ecosystem, wanting basically the same thing. So we created software to help solve that problem. We solve that problem first by creating a data solution which creates a cross device graph and provides a unified picture of a



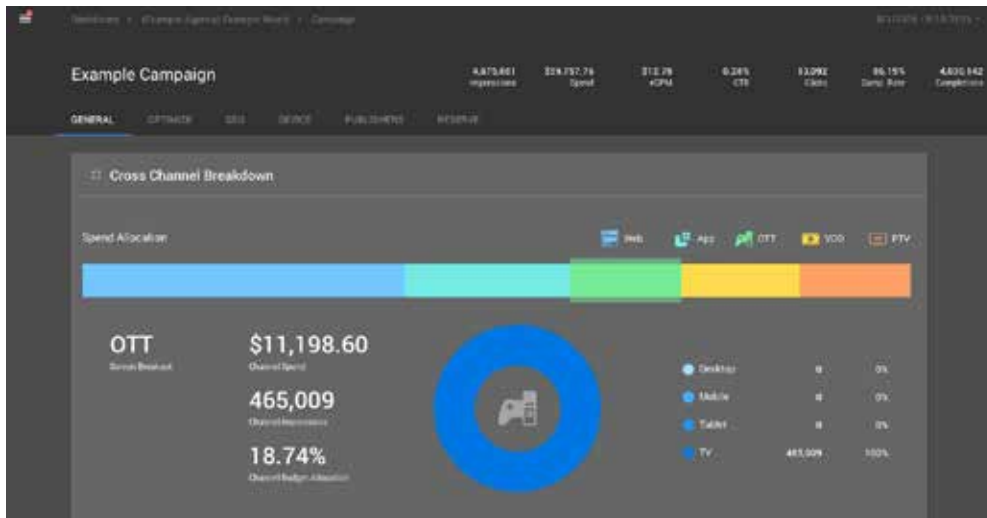
Ross McCray is the Co-Founder & CEO of VideoAmp, The Total Video platform for the TV and video ecosystem. Ross has been lauded by Forbes as a 30 under 30 and Entrepreneur as a 20 under 40. Prior to co-founding VideoAmp, Ross was Head of Product and Technology at Channel Factory. As one of the first YouTube seeding experts, Ross helped bootstrap and grew the business to a client base of over 350+ of the Fortune 500 brands. Ross attended UCLA and studied mathematics and astrophysics.

consumer on his journey.

Nichole: How has multiscreen changed television consumer behavior?



How do you create a profile of the OTT consumer across multiscreen?"



Discovering, connecting, and monetizing different audience segments. Source: VideoAmp.

McCray: People have the ability to look at everything everywhere at any time. There is a lot of different content and time has shifted. You don't have to be in one place at one time to watch the series that you want. That really gives the ability for the consumers to take control of their scheduling and plan around it, which is something that is new within the last couple of years. There has been on-demand for several years now, but look how much premium content has emerged in these channels in the last couple of years. There used to only be Netflix or re-runs and really old shows, but now it's been growing so much that the licenses that these companies have been getting from the content owners are very strong and there is a lot of quality content.

Also, some of the OTT players now are getting into live streaming and live-recaps on these devices, so I would say it has completely changed consumer behavior because there are so many different ways to watch it. You can watch it on your phone, you can watch it on the go, you can save it and pick it up where you left it. How this technology and all these different channels emerged, has completely changed the way that consumers interact with video.

Nichole: Ross, how do you tailor the right content (both shows and ads) to the right people and what role do you see for personalization in the OTT industry?

McCray: We at VideoAmp have a cross-device graph which connects the streams from browsers to mobile IDs to mobile phones as well as the actual IDs for the devices, and because of that, we are able to create audience segmentation on those OTT devices. Traditionally when you are making these ad buys, you are just buying a show (for example) and anyone who watches it will see the placed ad there. That is the way it has been done. What VideoAmp offers is to take any given browser that gives us your cookie behavior and your historical preferences, and let it tell us that this user has been to this show and that show and has gone to the left side for purchases. So, basically all the data that is collected on the identifier can be used to decide which ad should be shown to that person. From an advertising perspective, collecting all this data allows the advertiser to make a decision in real time, within a hundredth of a millisecond as a user is loading their OTT content, and then ping different types of advertisers and ask them who wants to show their ad there. Those advertisers now can make a decision based off of that individual consumer behavior and see if it's relevant for their ad content.

Nichole: How can you use consumer data to better monetize your OTT content?

McCray: We mostly do the personalization for advertising spots. We generally do

not work with the media on content recommendation. However, from my experience, I have a lot of opinions from the content owner perspective, which is more about content discovery from an advertising perspective. It's all about a user coming in and having choices to pick so the algorithms are completely different when it comes down to that versus simple content recommendation. It is frequently becoming more and more based off of machine learning, and based on artificial intelligence and looking at clusters of behaviors. We are seeing a lot of development in AI and machine learning to create these recommendations to the content owners.

Nichole: Ross, can you explain how your data helps content service providers as well as advertisers to provide a better service and make more money?

McCray: We work with agencies and ad companies directly. However, from a content owner perspective, you use machine learning and AI as well as cluster behaviors to see what recommendations and content one should show to the end user. That will give them more revenue because in theory it should produce more video hours and more viewership. The more time people use more video (because it's more relevant and interesting to them) then the more ad space they get. If they are monetizing off of that, then they get more revenue because it's more valuable to the consumer. That's why personalization is important from the content revenue perspective.

From the advertising perspective, it comes down to finding the right people. To understand which person is in the market for their product and educate those people to be brand aware in regards to what they serve and making sure you hit the right person rather than the wrong person. You'd be surprised how much waste there is in the ad industry today. A lot of times people are getting an ad that is totally irrelevant. Better advertisements, more targeting and a better experience for the consumer will increase revenues for the advertisers as well as for the content service providers. □



Case Studies

Career Perspectives: Whistle Sports Comes Across the Border to Go Over the Top

By: Josh Grunberg and Brian Selander

In 2008, Josh was a producer at Canada's top sports outlet, The Sports Network, working on the most watched, most popular and longest running sports talk show in Canadian television. In order to book the best guests and produce the best show, he needed to constantly monitor news wire services, live radio and internal e-mail alerts for news that the show could break to legions of sports fans sitting on their couches, some with phones in their hands hoping to call in, others with laptops trying to write longer emails.

Twitter changed everything, including how to produce a television talk show, and raised the bar for user engagement. Josh was on the frontlines of integrating "tweets" into a scroll to appear throughout the talk show to help drive conversation. He was also an early adopter of hashtags to answer questions and as a new way to source subjects and experts.

By 2011, Josh moved on to one of Canada's beloved hockey franchises with an emphasis on digital content and audience building.

Technology would change his job again.

This time, it was a growing demand

by younger fans to be able to connect with the team, the players and more through on-demand video delivered on their phones. With a push from Josh, his team became an early adopter of an editorial video strategy that focused on YouTube and social platform growth. To drive engagement from millennials and to create a conversation involving the team's fans, Josh hired a host specifically for content on their YouTube channel.

It was a new enough approach to sports content that it caught the attention of the leadership at YouTube in charge of charting the future of sports media consumption. They wanted to replicate what Josh's team was doing for a professional hockey franchise for professional teams all over North America. They started bringing him to MeetUps and conferences to share how, while sports may not yet have gone fully over the top, digital video and social sharing was filling in every available space around it.

Across the Canadian border, two decades earlier, Brian began his own career writing for one of the few remaining afternoon-delivered newspapers in the U.S. At night, he would hear string-



Brian Selander is the executive vice president of Whistle Sports Network, a leading digital sports media content company and community. Before joining Whistle Sports, Brian spent four years as the Chief Strategy Officer for Delaware Governor Jack Markell. Prior to working for Governor Markell, he was the national director of spend management at CGI.



Toronto native, Josh Grunberg is a digital content producer and strategist with over a decade of experience. Josh moved to Vancouver to head up digital, broadcast and arena video production and strategy for the NHL's Canucks. In 2014, Josh signed on with Whistle Sports, advising and shaping a strategy that has seen a vibrant, global sports community flourish to over 400 partnerships and a reach of over 225 million.



<p>213+ MILLION ASR (AGGREGATE SOCIAL REACH) across all platforms.</p>	<p>9+ BILLION VIEWS AND COUNTING across all platforms.</p>
<p>NUMBER 1 IN COMSCORE SPORTS RANKINGS for ages 13-17. (May '16)</p>	<p>400+ CREATORS REIMAGINING SPORTS</p> 

Whistle Sports leverages social media to create massive audience reach and engagement for its content.



Whistle Sports partners with both major sports leagues as well as more niche franchises.

ers in the newsroom taking down scores from high school athletes eager to share what happened at their school, hoping that by the next afternoon, there might be some public record of what they had done.

At the same time Josh was helping move hockey forward, Brian had started working with John West and Jeff Urban — the founders of a new sports network, Whistle Sports, that realized that men dressed in blazers, sitting behind tables, was not going to meet the needs of the growing generation of millennial sports fans. There needed to be a new sports network that was reaching out to sports fans—not one expecting sports fans to come to it.

What they quickly realized was that the time of Brian sitting as a reporter at a desk, where students were calling in their own scores, was quickly diminishing. But replacing that was students sending in their own sports clips, as well as sharing them through their own social networks, some with the creative power and energy to captivate millions of other millennials with the content they were creating. There was a huge opportunity to combine that energy and content creation with traditional sports coverage. With the initial support of several major professional leagues that were early equity holders in this new endeavor, Whistle Sports was launched. A social-based network that brings together sports social influencers, social platforms and fans and followers, Whistle Sports scaled since its launch on New Year's Day of 2014 to over 250 million millennial fans and followers across multiple social platforms.

Before the formal launch, Whistle

Sports recruited Josh over the border to develop the sports social influencer community. Fast forward to today, there are now dozens of social platforms, including non-traditional ones. Many are clamoring for YouTube and social influencer created content for their platform, not only for the content, but for their audience and the engagement that comes with it.

As platforms continue to expand, change and develop, the desire for, and engagement with, OTT content continues, especially with millennial consumers. From the get-go, Whistle Sports was the “YouTube sports network.” But as other platforms moved to make themselves video-based, it became clear that

creating a vibrant community of fans and followers that eagerly expanded their engagement to new platforms trumped owning a single space like YouTube.

Over this summer, Facebook Live emerged as one of the newest variations of social platforms that millennials and content providers have adopted. With the new addition came an expansion of programming from thousands of different places. For example, Whistle Sports had success with the early rounds of the “TBT: The Basketball Tournament,” which grew from a few thousand viewers watching on a website in 2015 to over 3.5 million views on Whistle Sports Facebook pages in 2016. Not only did the change in platform explode in views and engagement for TBT— proving that social is over the top of even OTT— but it challenged the concept of traditional websites and linear TV consumption that often fight over live rights with millions of dollars in agreements.

All in all, OTT is connecting audiences with digital video and TV offerings, all from the comfort of their own couches, on their own screens. With an audience that is engaging on multiple platforms, consuming multiple types of content, the story of Whistle Sports is proof that OTT is here to stay. □



In addition to extending the reach of traditional sports, Whistle Sports integrates novel user-generated content such as trick shots and dunk contests.



Executive Insights

Why Don't Media Executives Take Their Own Medicine?

By: Eric Stein

The world is shifting as it always has – consistently in a state of change that may appear to occur faster or slower depending on perspective. Like watching your newborn become a teenager, it feels fast and slow at the same time, but in the current transition from traditional



Is OTT medicine a bitter pill for media execs?

media distribution to “new media / digital” consumption, the fundamentals are changing faster than we all realize. The problem is that many on the leadership teams at media and tech companies aren't truly experiencing the shifts as consumers. They are stuck within the confines of their own experience as traditional consumers, and don't comprehend how a different generation could access content in ways that are a current reality (both in terms of the access and the quality of content itself). To further complicate matters, these executives often default to their help desk or a trusted younger colleague if any speed bumps are encountered when confronted.

As an example, we've heard many senior executives openly admit that they've never actually experienced a great VR demo, they've never tried to use Snapchat, they feel that the quality of content contained in the YouTube channels is unwatchable and only subscribe to two SVOD services, usually just the of the “Big 3”. Most executives are likely still subscribed to Pay TV via cable or satellite and haven't yet tried to access OTT via Chromecast or an Amazon Fire TV Stick.

Are these executives “out of touch”? Not completely, they're just more “set in their ways” as consumers who act out of traditional habits. We are creatures of habit for sure, and we are all somewhat guilty.

The data reveals that the larger shifts are adopted by a younger consumer cohort, yet the major business decisions are often being made by the opposite demographic. The latter see the expensive industry reports, the internal corporate data, they may even see what their “kids” are doing, but they often forego the actual experience of cutting the cord, making videos in social media, trying Google Cardboard or VR, viewing eSports, watching channels on YouTube, or even subscribing to niche OTT channels. Many of these industry executives believe this shift is similar to the one made from



Wait, there's no LED? Media execs who shun new tech.

VHS to DVD, rather than the actual tectonic shift that is effecting all aspects of production and consumption. The issues presented are varied and complex (which may be why certain executives tend to ignore them): multi-platform and multi-screen viewing, exclusivity of content, SVOD communities, social network discovery, immersive VR, shift to IP delivery and mobile, the shift to global releases, etc.

My advice is to begin stepping out of personal comfort zones. We believe that companies should provide (and senior executives should take proactive steps independently to get acquainted with)



Eric B. Stein is Founder of Impact Global Media, a consulting firm that helps companies in the Media and Tech marketplace understand the digital transition and then create and execute successful strategies for capturing opportunities.

meaningful experience-based education around the Digital Transition. Tips? Tell a Snapchat story, download the Insurgent VR demo and watch on Google Cardboard with good headphones, subscribe to five new OTT channels each in different niche areas, check out a Twitch eSports channel, cut the cord (or pretend to), etc.

The Chinese philosopher and reformer Confucius stated, “I hear and I forget. I see and I remember. I do and I understand.” It's time to do. □



To do or not to do, that is the question.

How Is OTT Changing the User Experience and Economics of Traditional, and New, Content Service Providers?

Interview by Brian Mahony with Tony Dolph, EVP Marketing, SeaChange International

Brian: My first question is about what is really driving things in the OTT market and why does that represent a good opportunity for traditional service providers?

Tony: Well Brian, with regard to traditional service providers we see OTT as an important way for them to do a couple of fundamental things. First they can increase their reach to audiences that they haven't been able to reach through their existing physical plant. Also, they can provide them a very efficient way to deliver these new services. These services could include delivering video to a multi-dwelling unit (MDU) that is in their geography that they couldn't get in the past, or it could be adding new capabilities to their multi-screen audiences such as nDVR and time-shifting.

Brian: OK, that's great, so you feel there is an opportunity for traditional service

providers. What types of things do they need to do to accommodate these new OTT revenue streams?

Tony: One of the really important things is having a back office solution for content management that can serve both their existing physical plant but also their IP plant. We're fortunate at SeaChange in that we can offer this hybrid solution in our Adrenaline platform. All you need to add in that case is the ability to get to those multi-screen devices. And for many homes passed and MDUs it is just as simple as adding a very low cost on-premise device or in some cases going directly to a secondary screen like a smart phone, tablet, or OTT device.

Brian: So in your thinking a lot of these operators can re-purpose their existing back-office infrastructure to drive new revenues in the OTT market?



Tony Dolph is the EVP of Marketing for SeaChange International. He is responsible for SeaChange's worldwide product marketing, business development, corporate communications, branding, and inside sales operations. Tony is also the Principal of The Dolph Group; a marketing consultancy advising technology-enabled companies on business, product and market strategy, identifying new market and product opportunities to drive growth, and increasing enterprise value.

OTT Video Supply Chain



The new video delivery supply chain looks like the old one, just with a lot more players. Source: SeaChange



In a multi-device, multiscreen world, a common development platform is crucial. Source: SeaChange International.

Tony: Correct. There is an opportunity for them to use a platform to leverage all the infrastructure investment that is already there, in terms of preparing video for distribution, authentication of users, etc. So having a back office like ours allows operators to service their existing and new subscribers regardless of the network infrastructure they are doing that over. They don't have to replicate it for the OTT environment.

Brian. OK, let's now talk about the pure-play or greenfield OTT service providers really coming from the content space. As you know from IBC this year this market is really exploding since everyone and their uncle is trying to drive business here. In some cases, there seems to be an over oversimplification of what it takes to deploy and manage an OTT service. There's this misguided notion that you can just throw some content up on a website and then magically find an audience and monetize it. What is the reality in your view?

Tony: Well if you look at everything involved— content acquisition and management, multi-device support, subscriber management, etc.— it's really not scalable that way. These content service providers face several challenges. Regardless of what type of infrastructure you are going across, there is a good deal of complexity to delivering video to defined audiences. You need to understand all aspects of the video supply chain. That means being able to ingest video and

put it into a content management system, and normalizing and enhancing the meta-data. It means being able to manage the CDNs and the entire delivery infrastructure, and it means really understanding how to distribute that video from a content rights and permissions perspective. All of the complexity with

an HFC-based plant is still there with OTT as you scale. One of the things that is very important to understand is that scalability is a really big issue that can limit your ability to deliver a service unless you're prepared for it. So when we look at delivering services for companies who are going direct to consumer, we find that this is one of the things they begin to appreciate as they roll out their OTT offering. If they can't manage the full delivery and monetization model, including things like promotions and advertisement, they will be missing the key requisites for effectively scaling their business in the OTT world.

Brian: Now that you've brought up advertising, let's segue into the business model for OTT. In your mind, where are we right now and when is the inflection point for customers to embrace all the different forms of OTT monetization?

Tony: Today a good majority of these solutions are based on subscriptions. We see that evolving over time but we also see it happening as a continuum. In the future we think advertising will be a significant component of many of these OTT services at this has been historically for pay TV. The economics of advertising allow more organizations to become like their own broadcasters delivering content direct to their subscriber bases.

Brian: Thanks Tony, our next question has to do with the subscriber and how their viewing experience has changed with OTT.

Tony: Well everyone knows one of the key challenges with OTT is that the experience is very fragmented, from content discovery to integrating a common look and feel across devices. SeaChange's strategy for making this the most optimal experience possible is multifaceted. First, let's recognize that traditional service providers have a head start here. They have already been challenged to provide a unified experience across devices for a long time. As they add OTT to their offering they have the capability to deliver that unified experience for their subscribers. We recently launched our SeaChange NitroX user experience software at IBC to allow customers to integrate things like RDK and Android with the user experience of legacy set-top boxes. By providing a common platform across all three development environments, service providers have the ability to provide a more seamless, immersive experience across all devices.

Brian: One final question, where do you see the OTT market five years from now?

Tony: We see traditional service providers and broadcasters increasingly adopting OTT technology and business models over the next five years. The economics of IP architectures will continue to drive OTT adoption. At the same time, we see lots of new greenfield content service providers going direct to consumers. These include studios and other content owners such as MCNs and the consumer brands themselves who all want to become OTT broadcasters in their own right. Some will be major players like we see today and some will be very niche oriented addressing very specific market segments. OTT provides the type of economics to enable companies large and small, and SeaChange will continue to be there for them as the market evolves. □


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Trender Perspective

Crossing the TV Divide- How I Watch TV

By: Savio Clemente

I currently live in a quiet town in Westchester County, NY in a single-family home. Having previously resided in Manhattan for close to 15 years, I spend most of my time in my bedroom or media room. I have varied devices in the room— an LG HDTV, DVR, Wi-Fi router, Microsoft Surface book, iPad, iPhone and Apple Watch. I tend to multi-task frequently so I am always using my iPhone, iPad, Apple Watch or laptop while watching TV or chatting with someone. When I do host get-togethers at my home, we all congregate in my dining room area where my larger smart TV lives. I enjoy cooking, so I am always shuffling my iPad around and launching the Optimum app, so I do not miss any LIVE scenes.

When I am home, and there is nothing on traditional TV, I launch my Netflix or Amazon Prime Video app on my Amazon Fire TV or iPad. What I really like about Netflix is the “Continuing”, “Top 10”, “Instant Queue”, and “Popular” options which open up as soon as the app is launched. It entertains me because I love

that it remembers where I left off in my viewing and politely asks if I would like to continue viewing, and if not offering a plethora of varied selections.

There has definitely been a marked change in my streaming habits versus traditional TV. I see the percentage of streaming content increasing rapidly, as regular broadcast TV has quite a few limitations and is definitely static. TV apps for my Amazon Fire TV and iPad are Optimum, HBO GO, Bravo Now, the ABC player, MTV News, TED, SHO Social, The Daily Show, Vevo, Crackle, Netflix and ShowYou. Social apps include Viggie and Television Time, and Indian channels like ZeeTV, Zupp and Sling International keep my retired parents happy when visiting from India. I also like performing TV show hashtag searches via Twitter and joining in the conversation, following individuals from @EntertainmentWeekly, @TheWrap, and @THR. □



Savio Clemente was born in Goa, India and immigrated to this country at the tender age of three. He has always been feverishly curious about what makes the world go around. His travels have taken him to six of the seven continents. He enjoys both traditional and streaming TV in the reality, serial drama, and fantasy genres. His favorite shows include *The Flash*, *OITNB*, *Game of Thrones*, and *Top Chef*.

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